

IN GOOD COMPANY

PIONEER NATURAL RESOURCES 2003 ANNUAL REPORT





BILL HANNES, Vice President, Engineering and Development



HENRY GALPIN, Vice President of Gas Processing

RESPONSIBLE OPERATIONS

Pioneer joined the Environmental Protection Agency's Natural Gas STAR program as a charter member in the gas processing sector in 2000. As a result of our program for reducing methane emissions, Pioneer was recognized as the EPA's Gas STAR Rookie of the Year in 2001 and was named Processing Partner of the Year in 2002.

We operate two gas processing facilities, the Fain plant in the Texas panhandle and the Satanta plant in western Kansas, and have several other smaller gas treating plants. Reducing methane emissions has always been a priority, but joining the STAR program has created a more formal platform for our environmental protection policies, and provides resources to help us identify additional emissions reduction opportunities.

Our entire team, from the front-line staff operating our facilities to senior management, is committed to protecting the environment and to good corporate citizenship. It's an ongoing process, and our participation in the EPA's STAR program highlights our efforts.

— HENRY GALPIN

COMMERCIALIZATION AND DEVELOPMENT

To bring large-scale projects from discovery to first production, we needed a strong team with broad experience and expertise. These are the kind of people who are in high-demand and can go anywhere because they are the best at what they do. So what attracts them to Pioneer? Their compensation is a given. We must pay them well, but they can get that anywhere. It's our culture that's different. We take top talent and provide them the opportunity to use their skills, putting them on world-class projects that rival the majors'. We challenge them, give them the tools they need, hold them accountable and let them do what they do best. We all work hard and enjoy what we do.

We work to build good working relationships with our partners and service contractors to make us all one team with common goals. We do our share and more, even on projects that we don't operate. We welcome the opportunity to work with and learn from other companies known for their expertise. We participate in decisions, contribute solid solutions and aren't afraid to ask questions.

We currently have nine discoveries in various stages of commercialization. In the deepwater Gulf of Mexico, first production is targeted by mid-year from the Devils Tower, Raptor and Tomahawk fields, and we're planning tie-backs for three other fields.

In Gabon, we are awaiting results from our current drilling campaign to finalize the plan for development. We drilled three successful wells in Alaska during 2003, have farmed into additional acreage and are evaluating the potential to develop our Oooguruk field. Offshore South Africa, we are encouraged with the potential to develop gas reserves on our blocks. We are working to establish a contract to supply gas to an existing synthetic gasoline plant just onshore from our blocks.

The Falcon gas system was our first operated project in the deepwater Gulf, and we're proud to have brought the first two wells there on line ahead of schedule. We have a number of interesting projects on the table and are committed to maximizing their value.

— BILL HANNES